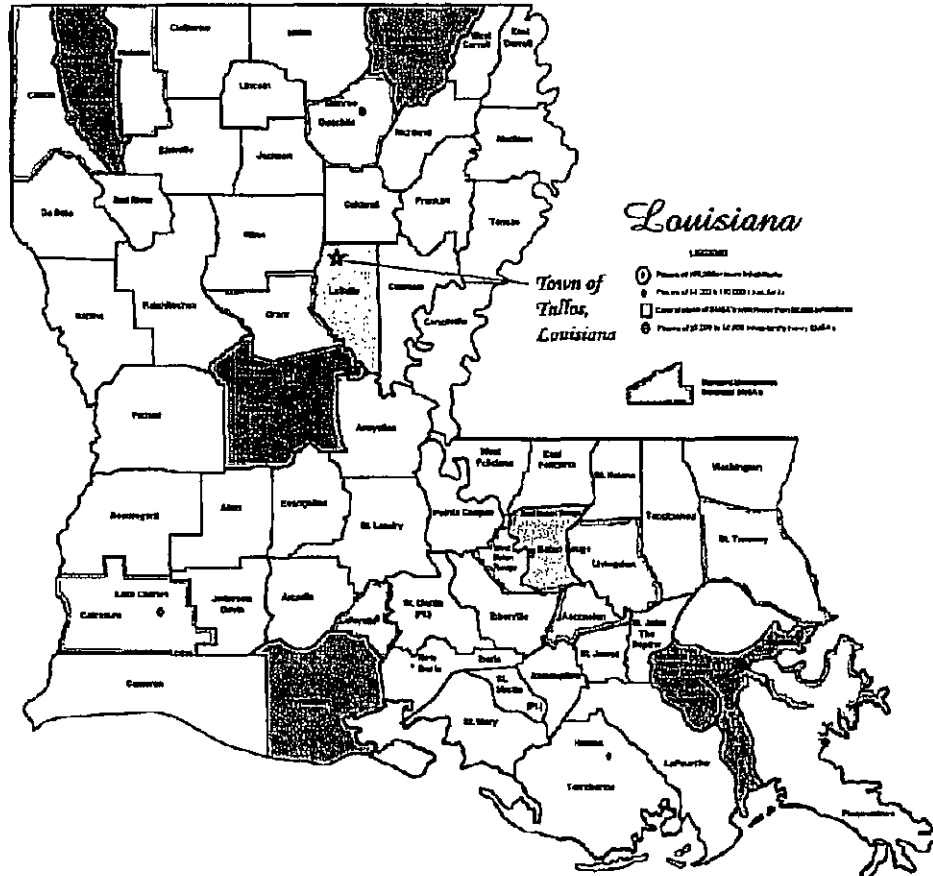


TOWN OF TULLOS, LOUISIANA**Annual Financial Statements****June 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 2/3/10

TOWN OF TULLOS, LOUISIANA



✓ The Town of Tullos was incorporated under the Lawrason Act, and operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

TOWN OF TULLOS, LOUISIANA
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June 30, 2009

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INDEPENDENT ACCOUNTANT'S REPORT

Honorable Fred Book, Mayor
& Members of the Town Council
Tullos, Louisiana

We have reviewed the accompanying basic financial statements of the governmental activities, business-type activities, and other aggregate remaining information of the Town of Tullos, Louisiana as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Tullos' management.

Our review was conducted in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards issued by the Comptroller General of the United States of America. A review consists principally of inquiries of Town personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report, dated August 26, 2009, on the results of our agreed-upon procedures.

The management's discussion and analysis and budgetary comparison information are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but were compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

John R. Vercher PC

Jena, Louisiana
August 26, 2009

MEMBER
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SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

Town of Tullos

PO Box 749
Tullos, Louisiana 71479
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MANAGEMENTS DISCUSSION AND ANALYSIS

As management of the Town, we offer readers of the Town of Tullos' financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2009. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999.

FINANCIAL HIGHLIGHTS

Governmental Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$90,787 (*net assets*). This is a \$37,161 decrease from last year.
- The Town had total revenue of \$145,103, in which \$77,851 came from fines. This is a \$107,313 decrease from last year's revenues, mainly due to a decrease in grant monies in the amount of \$43,468 and a decrease in fines in the amount of \$71,850.
- The Town had total expenditures of \$176,867, which is an \$85,661 decrease from last year's. This decrease is due mainly to a decrease in capital outlay in the amount of \$87,901.

Enterprise Funds

- The assets of the Town exceeded its liabilities at the close of the most recent fiscal year by \$3,028,979 (*net assets*). This is a \$117,956 decrease from last year.
- The Town had total revenue of \$164,353, including operating revenues of \$160,820 and non-operating revenues of \$3,533. This is a \$347,841 decrease from last year, mainly due to a decrease in grant monies in the amount of \$320,504.
- The Town had total expenses of \$275,712. This is a \$48,379 increase from last year, mainly due to an increase in depreciation expense in the amount of \$31,662.

See accountant's report.

MD&A

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements consist of two components: 1) fund financial statements, and 2) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. The Town is a special-purpose entity engaged only in governmental activities. Accordingly, only fund financial statements are presented as the basic financial statements.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

USING THIS ANNUAL REPORT

The Town's annual report consists of financial statements that show information about the Town's funds, enterprise funds and governmental funds.

Our accountant has provided assurance in his independent accountant's report, located immediately preceding this Management's Discussion and Analysis, that the Basic Financial Statements are fairly stated. Varying degrees of assurance are being provided by the accountant regarding the other information included in this report. A user of this report should read the independent accountant's report carefully to ascertain the level of assurance being provided for each of the other parts of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

The Town's financial statements provide detailed information about the most significant funds. The Town may establish other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using grants and other money. The Town's enterprise fund uses the following accounting approach:

All of the Town's services are reported in an enterprise fund. They are reported using the full accrual method of accounting in which all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The focus of proprietary funds is on income measurement, which, together with the maintenance of equity, is an important financial indication.

See accountant's report.

MD&A

GOVERNMENTAL FUNDS

Comparative Statement of Net Assets

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2009:

	2008	2009	% Change
Assets			
Cash & Investments	\$ 23,844	\$ 14,636	-38.6%
Receivables	7,368	2,122	-71.2%
Restricted Assets	3,095	4,019	30.0%
Capital Assets, Net of Accumulated Depreciation	231,975	199,515	-14.0%
Total Assets	<u>266,282</u>	<u>220,292</u>	-17.3%
Liabilities & Net Assets			
Accounts, Salaries, & Other Payables	1,817	458	-74.8%
Notes Payable	136,517	129,047	-5.5%
Total Liabilities	<u>138,334</u>	<u>129,505</u>	-6.4%
Net Assets			
Invested in Capital Assets, Net of Related Debt	95,458	70,468	-26.2%
Unrestricted	32,490	20,319	-37.5%
Total Net Assets	<u>\$ 127,948</u>	<u>\$ 90,787</u>	-29.0%

Comparative Changes in Fund Balances

The following table reflects the condensed Comparative Statement of Revenues, Expenditures, and Changes in Fund Balances for the year ended June 30, 2009:

	2008	2009	% Change
Beginning Fund Balances	\$ 22,358	\$ 32,490	45.3%
Total Revenues	252,416	145,103	-42.5%
Total Expenditures	(262,528)	(176,867)	-32.6%
Total Transfers In (Out)	20,244	10,945	-45.9%
Increase (Decrease) in Fund Balances	<u>10,132</u>	<u>(20,819)</u>	-305.5%
Prior Period Adjustment	-0-	8,648	100.0%
Ending Fund Balances	<u>\$ 32,490</u>	<u>\$ 20,319</u>	-37.5%

See accountant's report.

MD&A

ENTERPRISE FUNDS

Comparative Statement of Net Assets

The following table represents a condensed Comparative Statement of Net Assets as of June 30, 2009:

	<u>2008</u>	<u>2009</u>	<u>% Change</u>
Assets			
Cash	\$ 17,877	\$ 3,219	-82.0%
Receivables	18,996	16,525	-13.0%
Restricted Assets	22,413	21,280	-5.1%
Capital Assets, Net of Accumulated Depreciation	3,116,196	3,012,690	-3.3%
Total Assets	<u>3,175,482</u>	<u>3,053,714</u>	-3.8%
Liabilities and Net Assets			
Accounts, Salaries, & Other Payables	6,311	1,838	-70.9%
Customer Deposits	22,236	22,897	3.0%
Total Liabilities	<u>28,547</u>	<u>24,735</u>	-13.4%
Net Assets			
Invested in Capital Assets, Net of Related Debt	3,116,196	3,012,690	-3.3%
Unrestricted	30,739	16,289	-47.0%
Total Net Assets	<u>\$ 3,146,935</u>	<u>\$ 3,028,979</u>	-3.7%

Comparative Changes in Net Assets

The following table reflects the condensed Comparative Statement of Revenues, Expenses, and Changes in Net Assets for the year ended June 30, 2009:

	<u>2008</u>	<u>2009</u>	<u>% Change</u>
Beginning Net Assets	\$ 2,882,318	\$ 3,146,935	9.2%
Operating Revenues	187,969	160,820	-14.4%
Non-Operating Revenues	324,225	3,533	-98.9%
Total Revenues	<u>512,194</u>	<u>164,353</u>	-67.9%
Operating Expenses	227,333	275,712	21.3%
Non-Operating Expenses	-0-	-0-	0.0%
Total Expenses	<u>227,333</u>	<u>275,712</u>	21.3%
Transfers In (Out)	<u>(20,244)</u>	<u>(10,945)</u>	-45.9%
Increase (Decrease) in Net Assets	264,617	(122,304)	-146.2%
Prior Period Adjustment	<u>-0-</u>	<u>4,348</u>	100.0%
Ending Net Assets	<u>\$ 3,146,935</u>	<u>\$ 3,028,979</u>	-3.7%

See accountant's report.

MD&A

CAPITAL ASSETS

Capital Assets – Governmental Fund

At June 30, 2009, the Town had \$199,515 invested in capital assets, including the following:

	Capital Assets at Year-End	
	2008	2009
Buildings	\$ 45,286	\$ 45,286
Machinery & Equipment	539,841	540,549
Accumulated Depreciation	(353,152)	(386,320)
Total	\$ 231,975	\$ 199,515

Capital Assets – Enterprise Fund

At June 30, 2009, the Town had \$3,012,690 invested in capital assets, including the following:

	Capital Assets at Year-End	
	2008	2009
Water Assets *	\$ 3,104,978	\$ 3,108,498
Sewer Assets	1,107,868	1,107,868
Accumulated Depreciation	(1,096,650)	(1,203,676)
Total Net Assets	\$ 3,116,196	\$ 3,012,690

* Included in this amount is land in the amount of \$8,649, which is not being depreciated.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, contact Fred Book, Mayor, at the Town of Tullos, phone (318) 534-6499.

See accountant's report.

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Honorable Fred Book, Mayor
& Members of the Town Council
Tullos, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of Town of Tullos and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Town of Tullos' compliance with certain laws and regulations during the year ended June 30, 2009 included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

*During our review of expenditures, we found no such expenditures.

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

* Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

* Management provided us with the required list.

MEMBER
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SOCIETY OF LOUISIANA CERTIFIED PUBLIC ACCOUNTANTS

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

* The town's clerk's father serves on the town council. The clerk held the job for some years before her father was elected to the council and the arrangement was approved by ethics.

Budgeting

5. Obtained a copy of the legally adopted budget and all amendments.

* We obtained a copy of the budget and there was no amended budget.

6. Trace the budget adoption and amendments to the minute book.

* We could not trace the budget adoption to the Town's minute book.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

* The Town had a favorable revenue variance, and had an unfavorable expenditure variance of \$78,972 or 81%.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee;

* We examined supporting documentation for each of the selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account; and

* All of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

* Inspection of documentation supporting each of the six selected disbursements indicated approvals from the Mayor of the Town.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

* Discussions with the clerk and our review of the minutes found that the agendas for the meetings were posted.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

* We inspected all bank deposit entries in the books for the period under examination and found no new debt.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

* A reading of the minutes of the Town for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees which would constitute bonuses, advances, or gifts.

We were not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we did not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Town of Tullos and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

John R. Vercher PC

Jena, Louisiana
August 26, 2009

BASIC FINANCIAL STATEMENTS

TOWN OF TULLOS, LOUISIANA
Statement of Net Assets
June 30, 2009

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-	
	ACTIVITIES	TYPE	
		ACTIVITIES	TOTAL
ASSETS			
Cash	\$ 14,636	\$ 3,219	\$ 17,855
Receivables (Net of Allowances For Uncollectible)	2,122	16,525	18,647
Restricted Assets	4,019	21,280	25,299
Capital Assets (Net of Accumulated Depreciation)	199,515	3,012,690	3,212,205
TOTAL ASSETS	220,292	3,053,714	3,274,006
LIABILITIES			
Accounts, Salaries, & Other Payables	458	1,838	2,296
Customer Deposits	-0-	22,897	22,897
Notes Payable	129,047	-0-	129,047
TOTAL LIABILITIES	129,505	24,735	154,240
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	70,468	3,012,690	3,083,158
Unrestricted	20,319	16,289	36,608
TOTAL NET ASSETS	\$ 90,787	\$ 3,028,979	\$ 3,119,766

See accountant's report.
The accompanying notes are an integral part of this statement.

Statement B

TOWN OF TULLOS, LOUISIANA
Statement of Activities
For the Year Ended June 30, 2009

	PROGRAM REVENUES			NET REVENUES (EXPENSES) & CHANGES OF PRIMARY GOVERNMENT	
	Charges for Services	Capital Grants & Contributions	Net (Expenses) Revenue	Governmental Activities	Business Type Activities
GOVERNMENTAL ACTIVITIES					
General Government	\$ (182,529)	\$ 12,177	\$ (170,352)	\$ (170,352)	\$ -0-
Public Safety (Fire)	(19,328)	21,708	2,380	2,380	-0-
TOTAL GOVERNMENTAL ACTIVITIES	(201,857)	-0-	(167,972)	(167,972)	-0-
BUSINESS TYPE ACTIVITIES					
Water	(217,019)	3,520	(81,823)	-0-	(81,823)
Sewer	(58,693)	-0-	(29,549)	-0-	(29,549)
TOTAL BUSINESS TYPE ACTIVITIES	(275,712)	3,520	(111,372)	-0-	(111,372)
TOTAL PRIMARY GOVERNMENT	\$ (477,569)	\$ 3,520	\$ (279,344)		
GENERAL REVENUES					
Taxes & Licenses				28,074	-0-
Fines & Forfeitures				77,851	-0-
Other General Revenues				5,293	-0-
Interest Income				-0-	13
Transfers In (Out)				10,945	(10,945)
TOTAL GENERAL REVENUES				122,163	(10,932)
CHANGE IN NET ASSETS				(45,809)	(122,304)
PRIOR PERIOD ADJUSTMENT				8,648	4,348
NET ASSETS - BEGINNING				127,948	3,146,935
NET ASSETS - ENDING				\$ 90,787	\$ 3,028,979

See accountant's report.
The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2009

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FIRE FUND</u>	<u>TOTAL</u>
ASSETS			
Cash & Cash Equivalents	\$ 12,298	\$ 2,338	\$ 14,636
Restricted For Debt Service	-0-	4,019	4,019
Receivables (Net of Allowances For Uncollectable)	502	1,620	2,122
TOTAL ASSETS	<u>12,800</u>	<u>7,977</u>	<u>20,777</u>
LIABILITIES			
Accounts, Salaries, and Other Payables	334	124	458
TOTAL LIABILITIES	<u>334</u>	<u>124</u>	<u>458</u>
FUND BALANCES			
Unreserved	12,466	7,853	20,319
TOTAL LIABILITIES & FUND BALANCE	<u>\$ 12,800</u>	<u>\$ 7,977</u>	<u>\$ 20,777</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Reconciliation of The Government Funds Balance Sheet
to the Government-Wide Financial Statement of Net Assets
June 30, 2009

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Fund Balance, Total Governmental Funds (Statement C)		\$ 20,319
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		
Governmental Capital Assets	\$ 585,835	
Less Accumulated Depreciation	<u>(386,320)</u>	
		199,515
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
		<u>(129,047)</u>
Net Assets of Governmental Activities (Statement A)		\$ <u>90,787</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenditures &
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2009

	GENERAL	SPECIAL REVENUE FIRE FUND	TOTAL
REVENUES			
Fees & Charges	\$ 12,177	\$ 21,708	\$ 33,885
Taxes	28,074	-0-	28,074
Fines	77,851	-0-	77,851
Other	5,269	24	5,293
TOTAL REVENUES	<u>123,371</u>	<u>21,732</u>	<u>145,103</u>
EXPENDITURES			
General & Administrative	77,920	11,833	89,753
Police Expense	71,441	-0-	71,441
Debt Service	-0-	14,965	14,965
Capital Outlay	708	-0-	708
TOTAL EXPENDITURES	<u>150,069</u>	<u>26,798</u>	<u>176,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(26,698)</u>	<u>(5,066)</u>	<u>(31,764)</u>
OTHER FINANCING SOURCES (USES)			
Transfers In (Out)	3,747	7,198	10,945
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,747</u>	<u>7,198</u>	<u>10,945</u>
NET CHANGE IN FUND BALANCE	(22,951)	2,132	(20,819)
PRIOR PERIOD ADJUSTMENT	8,648	-0-	8,648
FUND BALANCES--BEGINNING	26,769	5,721	32,490
FUND BALANCES--ENDING	<u>\$ 12,466</u>	<u>\$ 7,853</u>	<u>\$ 20,319</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Reconciliation of The Statement of Revenues, Expenditures,
& Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2009

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances, Total governmental Funds, Statement E	\$ (20,819)
--	-------------

Governmental funds report capital outlays as expenditure. However, in the statement of activities the cost of those assets is allocated over their Estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital Outlays	708	
Depr. Exp	<u>(33,168)</u>	(32,460)

The issuance of long-term debt (bonds, leases, etc.) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of Governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs premiums, discounts, and similar items when debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Paid	7,470
----------------	-------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as Expenditures in governmental funds.

	<u>-0-</u>
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Changes in Net Assets of Governmental Activities, statement B	\$ <u>(45,809)</u>
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See accountant's report.
The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Net Assets, Proprietary Funds
June 30, 2009

	BUSINESS-TYPE ACTIVITIES ENTERPRISE FUNDS (MAJOR ENTERPRISE FUNDS)		
	SEWER FUND	WATER FUND	TOTAL
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 3,219	\$ -0-	\$ 3,219
Receivables (Net of Allowances For Uncollectible)	2,133	14,392	16,525
TOTAL CURRENT ASSETS	<u>5,352</u>	<u>14,392</u>	<u>19,744</u>
NON-CURRENT ASSETS			
Restricted Assets	-0-	21,280	21,280
Capital Assets (Net of Accumulated Depreciation)	797,517	2,215,173	3,012,690
TOTAL NON-CURRENT ASSETS	<u>797,517</u>	<u>2,236,453</u>	<u>3,033,970</u>
TOTAL ASSETS	<u>802,869</u>	<u>2,250,845</u>	<u>3,053,714</u>
CURRENT LIABILITIES			
Accounts, Salaries, & Other Payables	174	1,664	1,838
TOTAL CURRENT LIABILITIES	<u>174</u>	<u>1,664</u>	<u>1,838</u>
NON-CURRENT LIABILITIES			
Customer Deposits	-0-	22,897	22,897
TOTAL NON-CURRENT LIABILITIES	<u>-0-</u>	<u>22,897</u>	<u>22,897</u>
TOTAL LIABILITIES	<u>174</u>	<u>24,561</u>	<u>24,735</u>
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	797,517	2,215,173	3,012,690
Unrestricted	5,178	11,111	16,289
TOTAL NET ASSETS	<u>\$ 802,695</u>	<u>\$ 2,226,284</u>	<u>\$ 3,028,979</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenses & Changes in Net Assets
Proprietary Funds
June 30, 2009

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS (MAJOR ENTERPRISE FUNDS)		
	SEWER FUND	WATER FUND	TOTAL
OPERATING REVENUES			
Charges For Services	\$ 29,144	\$ 131,676	\$ 160,820
Other	-0-	-0-	-0-
TOTAL OPERATING REVENUES	<u>29,144</u>	<u>131,676</u>	<u>160,820</u>
OPERATING EXPENSES			
Cost of Sales & Services	30,996	79,903	110,899
Administration	-0-	57,787	57,787
Depreciation	27,697	79,329	107,026
TOTAL OPERATING EXPENSES	<u>58,693</u>	<u>217,019</u>	<u>275,712</u>
OPERATING INCOME (LOSS)	<u>(29,549)</u>	<u>(85,343)</u>	<u>(114,892)</u>
NON-OPERATING REVENUES (EXPENSES)			
Interest Earnings	-0-	13	13
Capital Grants	-0-	3,520	3,520
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>-0-</u>	<u>3,533</u>	<u>3,533</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	<u>(29,549)</u>	<u>(81,810)</u>	<u>(111,359)</u>
Transfers In/(Out)	6,347	(17,292)	(10,945)
CHANGE IN NET ASSETS	<u>(23,202)</u>	<u>(99,102)</u>	<u>(122,304)</u>
PRIOR PERIOD ADJUSTMENT	-0-	4,348	4,348
TOTAL NET ASSETS – BEGINNING	825,897	2,321,038	3,146,935
TOTAL NET ASSETS – ENDING	<u>\$ 802,695</u>	<u>\$ 2,226,284</u>	<u>\$ 3,028,979</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Cash Flows
Proprietary Funds
June 30, 2009

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS (MAJOR ENTERPRISE FUNDS)		
	SEWER FUND	WATER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts From Customers & Users	\$ 29,678	\$ 133,613	\$ 163,291
Payments to Suppliers	(35,732)	(86,839)	(122,571)
Payments to Employees	-0-	(49,927)	(49,927)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(6,054)	(3,153)	(9,207)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In (Out)	6,347	(17,292)	(10,945)
Prior Period Adjustment	-0-	4,348	4,348
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	6,347	(12,944)	(6,597)
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Contributions & Grants	-0-	3,520	3,520
Construction of Capital Assets	-0-	(3,520)	(3,520)
NET CASH PROVIDED (USED) BY CAPITAL & RELATED FINANCING ACTIVITIES	-0-	-0-	-0-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments & Restricted Funds	-0-	1,133	1,133
Interest & Dividends Received	-0-	13	13
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-0-	1,146	1,146
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	293	(14,951)	(14,658)
CASH & CASH EQUIVALENTS, BEGINNING OF YEAR	2,926	14,951	17,877
CASH & CASH EQUIVALENTS, END OF YEAR	3,219	-0-	3,219
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	(29,549)	(85,343)	(114,892)
Depreciation Expense	27,697	79,329	107,026
(Increase) Decrease in Accounts Receivable	534	1,937	2,471
Increase (Decrease) in Accounts Payables	(4,736)	263	(4,473)
Increase (Decrease) Customer Deposits	-0-	661	661
TOTAL ADJUSTMENTS	23,495	82,190	105,685
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ (6,054)	\$ (3,153)	\$ (9,207)

See accountant's report.
The accompanying notes are an integral part of this statement.

TOWN OF TULLOS, LOUISIANA
Statement of Net Assets
Fiduciary Funds
June 30, 2009

	PAYROLL AGENCY FUND
ASSETS	
Cash & Cash Equivalents	\$ 6,374
TOTAL ASSETS	<u>6,374</u>
LIABILITIES	
Payroll & Payroll Taxes Payable	<u>6,374</u>
TOTAL LIABILITIES	<u>6,374</u>
NET ASSETS	
Held in Trust	\$ <u>-0-</u>

See accountant's report.
The accompanying notes are an integral part of this statement.

**NOTES
TO THE BASIC
FINANCIAL STATEMENTS**

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Tullos was incorporated under the provisions of the Lawrason Act. The Town operates under the Mayor-Board of Alderman form of government. The Town provides the following significant services to its residents as provided by its charter: public safety (police and fire), highways and streets, utilities (water, gas and sewer services) and general administrative functions, including coordination of related services with parish, state and federal governing bodies.

The Town applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

The accounting and reporting policies of the Town of Tullos conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the Louisiana Municipal Audit and Accounting Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. GOVERNMENT-WIDE & FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

B. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, & FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

- The General Fund is the municipality's primary operating fund. It accounts for all financial resources and expenditures of the general government, except those required to be accounted for in another fund.
- The Special Revenue Fund is used to account for all financial resources and expenditures of the Town's Fire Department.

The municipality reports the following major proprietary funds:

- Water Fund
- Sewer Fund

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges for services and sales taxes. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Town has a policy of applying expenses to restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

C. CASH & CASH EQUIVALENTS

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality's investments policy allow the municipality to invest in collateralized certificate of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. RECEIVABLES & PAYABLES

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following shows the amount of authorized and levied ad valorem taxes on property with assessed valuations totaling \$1,384,245.

General purposes	8.95 mills
Total taxes levied	\$12,237

E. INVENTORIES

Immaterial amounts of inventory are maintained for general fund and enterprise fund operations and, accordingly, these supplies are expensed as purchased.

F. RESTRICTED ASSETS

Restricted Assets include cash and cash investments in the proprietary funds which are restricted.

- Restricted assets were applicable to the following at June 30, 2009:

Customer Deposits	\$	21,280
Total	\$	<u>21,280</u>

G. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if the historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town of Tullos maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

For the year ended June 30, 2009, no interest costs were capitalized for construction of fixed assets.

TOWN OF TULLOS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

Depreciation of all exhaustible fixed assets is charged as an expense against its operations. Accumulated depreciation is reported on the proprietary fund balance sheet and governmental fund statement of activities. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

	<u>Life In Years</u>
Water System	40
Sewer System	40
Buildings & Improvements	40
Equipment	5-10
Vehicles	5-7
Furniture & Fixtures	5

H. COMPENSATED ABSENCES

The Town has no compensated absence policy

I. LONG-TERM OBLIGATIONS

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets.

J. FUND EQUITY

In the fund equity statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plan that are subject to change.

K. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

(2) STEWARDSHIP, COMPLIANCE, & ACCOUNTABILITY

The Town follows these procedures in establishing the budgetary data reflected in these financial statements:

- (1) The Town clerk prepares a proposed budget based on departmental group budget requests, and submits the same to the Mayor and Board of Aldermen for approval.
- (2) The Town does not utilize the budget in comparison form in financial statement presentation during the year.
- (3) All budgetary appropriations lapse at the end of the fiscal year.
- (4) The Town does not utilize encumbrance accounting.
- (5) The budget was not amended during the year.

(3) CASH & CASH EQUIVALENTS

Deposits

It is the Town's policy for deposits to be 100% secured by collateral at market or par, whichever is lower, less the amount of the Federal Deposit Insurance Corporation insurance. The Town's deposits are categorized to give an indication of the level of risk assumed by the Town at year end. The categories are described as follows:

- *Category 1* – Insured or collateralized with securities held by the Town or by its agent in the Town's name.
- *Category 2* – Collateralized with securities held by the pledging financial institution's trust department or agent in the Town's name.
- *Category 3* – Uncollateralized.

	Southern Heritage
Bank Balances	\$ 45,958
Secured As Follows	
FDIC (<i>Category 1</i>)	45,958
Securities (<i>Category 2</i>)	-0-
Uncollateralized (<i>Category 3</i>)	-0-
Total	\$ 45,958

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

(4) RECEIVABLES

The receivables of \$18,647 at June 30, 2009 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Fire Fund</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Fire Fees	\$ -0-	\$ 1,620	\$ -0-	\$ -0-	\$ 1,620
Fines	502	-0-	-0-	-0-	502
Accounts	-0-	-0-	14,392	2,133	16,525
Total	\$ 502	\$ 1,620	\$ 14,392	\$ 2,133	\$ 18,647

Allowance for doubtful accounts is considered not material and, therefore, is not presented.

The Town's policy for bad debt accounting and write-offs is to send a letter to the occupant and owner after the due date. After 60 days, the utility line is sealed close. Reconnection fees must be paid to have service resumed. For deceased accounts, the clerk requests permission from the board to adjust the accounts to close.

(5) TRANSFERS

<u>Transfers From/To Other Funds</u>	
<u>Transfers In/(Out)</u>	<u>Amount</u>
General	\$ 3,747
Fire	7,198
Sewer	6,347
Water	(17,292)
Total	\$ -0-

The transfers were made to pay other fund expenses.

(6) CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2009 for the primary government is as follows:

Governmental Activities

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Buildings	\$ 45,286	\$ -0-	\$ -0-	\$ 45,286
Machinery & Equipment	539,841	708	-0-	540,549
Total Fixed Assets	585,127	708	-0-	585,835
Less Accumulated Depreciation	(353,152)	(33,168)	-0-	(386,320)
Net Capital Assets	\$ 231,975	\$ (32,460)	\$ -0-	\$ 199,515

TOWN OF TULLOS, LOUISIANA
NOTES TO THE BASIC FINANCIAL STATEMENTS
(CONTINUED)

Business-Type Activities

	Beginning Balance	Additions	Deletions	Ending Balance
Water *	\$ 3,104,978	\$ 3,520	\$ -0-	\$ 3,108,498
Sewer	1,107,868	-0-	-0-	1,107,868
Total	4,212,846	3,520	-0-	4,216,366
Water Accumulated Depreciation	(813,996)	(79,329)	-0-	(893,325)
Sewer Accumulated Depreciation	(282,654)	(27,697)	-0-	(310,351)
Total Accumulated Depreciation	(1,096,650)	(107,026)	-0-	(1,203,676)
Net Capital Assets	\$ 3,116,196	\$ (103,506)	\$ -0-	\$ 3,012,690

* Included in this amount is land in the amount of \$8,649, which is not being depreciated.

(7) LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2009:

New Fire Truck	
Balance 06/30/2008	\$ 136,517
Additions	-0-
Deductions	(7,470)
Balance 06/30/2009	<u>\$ 129,047</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2009:

	<u>Lease Payable</u>
Current Portion	<u>\$ 7,880</u>

The annual requirements to amortize all debt outstanding as of June 30, 2009, including interest payments are as follows:

Year Ending June 30,	<u>Lease Payable</u>
2010	14,965
2011	14,965
2012	14,965
2013	14,965
2014	14,965
2015-2019	74,824
2020-2024	29,930
Total	<u>\$ 179,579</u>

TOWN OF TULLOS, LOUISIANA

NOTES TO THE BASIC FINANCIAL STATEMENTS (CONTINUED)

(8) ELECTED OFFICIALS

The following is a list of elected officials and their salary for the year ending June 30, 2009:

<u>Name</u>	<u>Title</u>	<u>Annualized Salary</u>
Fred Book	Mayor	\$ 2,400
Leland Guin	Police Chief & Dog Catcher	35,100
Lance Coleman	Councilman	25
Jim Arbogast	Councilman	250
Darwin Fife	Councilman	250
Quentin Sagdahl	Councilman	250
Greg Davis	Councilman	250
Beau Cook	Councilman	\$ 150

(9) PAYROLL AGENCY FUND TRANSACTIONS

	<u>Payroll Agency Fund</u>
Additions	\$ 147,645
Deductions	(147,645)
Change in Net Assets	-0-
Net Assets – Beginning	-0-
Net Assets – Ending	\$ -0-

(10) EXPENDITURES IN EXCESS OF APPROPRIATIONS

The Town of Tullos had an unfavorable expenditure variance of \$78,972 or 81% in its General & Special Revenue (Fire) Fund Budget for the year ended June 30, 2009.

**Required Supplemental
Information**

TOWN OF TULLOS, LOUISIANA
Statement of Revenues, Expenditures, & Changes in Fund Balance
Budget & Actual
General Fund & Special Revenue (Fire) Fund
For the Year Ended June 30, 2009

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL AMOUNTS BUDGETARY BASIS</u>	<u>BUDGET TO ACTUAL DIFFERENCES FAVORABLE (UNFAVORABLE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
REVENUES				
Fees & Charges	\$ 45,067	\$ 45,067	\$ 33,885	\$ (11,182)
Taxes	16,275	16,275	28,074	11,799
Fines	17,162	17,162	77,851	60,689
Other	5,814	5,814	5,293	(521)
TOTAL REVENUES	<u>84,318</u>	<u>84,318</u>	<u>145,103</u>	<u>60,785</u>
EXPENDITURES				
General & Administrative	58,479	58,479	89,753	(31,274)
Police Expense	22,519	22,519	71,441	(48,922)
Debt Service	16,309	16,309	14,965	1,344
Capital Outlay	588	588	708	(120)
TOTAL EXPENDITURES	<u>\$ 97,895</u>	<u>\$ 97,895</u>	<u>176,867</u>	<u>\$ (78,972)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES			<u>(31,764)</u>	
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)			<u>10,945</u>	
TOTAL OTHER FINANCING SOURCES (USES)			<u>10,945</u>	
NET CHANGE IN FUND BALANCE			(20,819)	
PRIOR PERIOD ADJUSTMENT			8,648	
FUND BALANCES--BEGINNING			<u>32,490</u>	
FUND BALANCES--ENDING			<u>\$ 20,319</u>	

See accountant's report.
The accompanying notes are an integral part of this statement.

Other Reports

TOWN OF TULLOS, LOUISIANA

June 30, 2009

MANAGEMENT LETTER COMMENTS

During the course of our review, we observed conditions and circumstances that may be improved. Below are findings noted for improvement, our recommendation for improvement and the Town's plan for corrective action.

CURRENT YEAR MANAGEMENT LETTER COMMENTS

2009-M-1 Budget Variances

Finding: The Town overspent its expenditures for the fiscal year ended June 30, 2009 by \$78,972 or 81%.

Recommendation: When revenues or expenditures fail to meet budgeted revenue or expenditures by more than 5%, the budget should be amended.

Town's Response: The Town will begin monitoring actual expenditures to budgeted expenditures and amend the same when there is a variance of 5% or more.

2009-M-2 Adoption of the Budget

Finding: The adoption of the budget could not be traced to the minute book.

Recommendation: The budget is to be adopted and recorded in the minute book prior to the beginning of the fiscal year. Any amendments should be adopted and recorded prior to the fiscal year end.

Town's Response: The Town will begin adopting the budget prior to the beginning of the fiscal year and recording the same in the minute book.

TOWN OF TULLOS, LOUISIANA

June 30, 2009

**MANAGEMENT'S SUMMARY
OF PRIOR YEAR FINDINGS**

Legislative Auditor
State of Louisiana
Baton Rouge, Louisiana 70804-9397

The management of the Town of Tullos, Louisiana has provided the following action summaries relating to audit findings brought to their attention as a result of their financial audit for the year ended June 30, 2008.

PRIOR YEAR FINDINGS

2008-C-1 Budget Variances (Unresolved)

Finding: The Town overspent its general fund budget for the year ended June 30, 2008 by \$121,165 or 123.8%. The Budget Act requires that governments amend their budgets when revenues fail to meet budgeted revenues or expenditures exceed the budget by more than 5%.

Town's Corrective Action: The Town did not amend their budget to meet Budget Act requirements.

2008-I-1 Small Size of Entity

Finding: Because of the small size of the Town and the lack of separation of duties, many of the important elements of good internal controls cannot always be achieved to ensure adequate protection of the Town's cash.

Town's Corrective Action: Management continues to provide the necessary oversight in its current internal control procedures, specifically in the areas of cash receipts, collection receipt activities, recordation of those receipts, and depositing of funds collected.

LOUISIANA ATTESTATION QUESTIONNAIRE

JOHN R. VERCHER PC
Certified Public Accountants
P.O. Box 1608
Jena, Louisiana 71342
Tel: (318) 992-6348
Fax: (318) 992-4374

In connection with your review of our financial statements as of June 30, 2009 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of August 26, 2009.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.

Yes [☒] No [☐]

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [☒] No [☐]

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [☒] No [☐]

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [☒] No [☐]

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [☒] No [☐]

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [☒] No [☐]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [☒] No [☐]

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [☒] No [☐]

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60.

Yes [☒] No [☐]

Advances and Bonuses

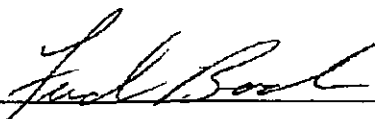
It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [☒] No [☐]

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

Signed: _____



Title: _____

